August 22, 2017

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *General Communication, Inc., Transferor, GCI Liberty, Inc., Transferee, Applications for Transfer of Control of the Subsidiaries of General Communication, Inc. to GCI Liberty, Inc.*, WC Docket No. 17-114 ("Applications")

Dear Ms. Dortch:

General Communication, Inc. ("GCI") and Liberty Interactive Corporation ("Liberty Interactive," together with GCI the "Applicants") hereby respond to questions from staff regarding the Applications.

Question 1: Given the statements in the Applications about the combined companies' strengthened financial position, will the Applicants make additional financial commitments under the Alaska Plan or otherwise improve their (fixed) broadband offerings? Will Applicants make a firm commitment to do so?

Response: As explained in the Applications, the transaction will facilitate GCI's continuing investment and operations in Alaska. Because GCI and its operating subsidiaries will be part of a larger entity, GCI expects to have improved access to capital markets and less vulnerability to Alaska-specific economic factors. This greater access and stability will enhance GCI's ability to execute the commitments it has already made.

However, the transaction will not combine two telecommunications carriers with overlapping operations, nor does it combine vertically-related entities. As a result, the transaction does not yield any operational synergies. This distinguishes this transaction from past GCI transactions, including the GCI/Alaska DigiTel, GCI/United Utilities, GCI/Yukon, and GCI/ACS/AWN transactions. Thus, this transaction does not lower GCI's operating costs or its cost of necessary inputs such as labor, fiber, radios, or towers.

While GCI expects to be on more stable financial footing, which will better enable GCI to raise the capital necessary to meet its existing Alaska Plan commitments in the context of a highly-troubled Alaska economy, the transaction will not alter the fundamental economics of network deployment and operation in remote Alaska. GCI will continue to determine whether a particular investment is economically viable based on the facts and circumstances of that market, including available funding, projected costs, and potential economic returns from the specific communities. Thus, the transaction does not enable GCI to make additional commitments.

Question 2: Please address how the proposed transaction affects mobile wireless customers, including a discussion of whether GCI will seek or continue its ETC status and the extent to which the proposed transaction will support or expand performance obligations under the Alaska Plan including application of paragraph 84.

Response: As with fixed services, the transaction will benefit mobile wireless consumers by increasing GCI's financial stability and access to capital markets, which will reduce its exposure to Alaska-specific economic factors and provide greater assurance that it can meet its existing Alaska Plan commitments, notwithstanding Alaska's troubled economy. GCI has taken on an ambitious set of Alaska Plan and Tribal Mobility Fund Phase I commitments to be executed between now and 2026, all of which serve to expand or upgrade mobile wireless voice and broadband services. GCI also expects to be an active participant in the Alaska Plan reverse auction for unserved areas, for which it will have to raise additional private capital to leverage any awarded support. GCI anticipates that a more stable financial footing will increase its ability to meaningfully participate in the auction, deliver voice and broadband services in fulfillment of existing commitments and new opportunities, and manage and overcome the challenges of providing mobile service in some of the nation's most hostile construction and operational environments.

GCI intends to continue its status as an eligible telecommunications carrier in areas where it receives Alaska Plan support and in any areas it may win support to serve in the reverse auction for unserved remote Alaska communities.

The proposed transaction does not implicate paragraph 84 of the *Alaska Plan Order*.[1] In paragraph 84, the Commission was addressing the consequence of a transaction that combined two Alaska Plan recipients or transferred customers of an Alaska Plan recipient. In rejecting ACS's request automatically to deny transfer of the relevant support, the Commission delegated authority to the Wireless Telecommunications Bureau "to determine in the context of a particular proposed transaction involving a competitive ETC that is an Alaska Plan participant the extent to which a transfer of a proportionate amount of the transferring carrier's Alaska Plan support, along with what specific performance obligations, would serve the public interest."[2] This transaction does not involve a "transferring carrier," the combination of multiple, previously unaffiliated Alaska Plan recipients, or the transfer of a partial set of customers, rendering paragraph 84 inapplicable.[3]

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1 *Connect America Fund; Universal Service Reform – Mobility Fund; Connect America Fund – Alaska Plan*, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd. 10,139, 10,166 ¶ 84 (2016) ("*Alaska Plan Order*").

2 *See id.*

3 In paragraph 84, the Commission rejected the proposal that no Alaska Plan support be transferred from one ETC to another "in all instances of transfer of customers or other affiliation or acquisition of one participating carrier by another." *Id.* (citing Letter from Karen Brinkmann, Counsel to Alaska Communications, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 et al., at 9 (filed Apr. 29, 2016) ("*ACS Letter*")). The *ACS Letter* addressed transactions involving multiple Alaska Plan participants, and was itself

Here, there are no "proportionate" amounts of "transferring carrier's Alaska Plan support" to assess because no GCI customer will have a new service provider as a result of the transaction, nor will GCI be owned by or affiliated with any other Alaska Plan participant. This is not one of the types of transactions that the Commission addressed in paragraph 84, which does not, and was not intended to, provide generally for reconsideration of Alaska Plan commitments in transactions that do not combine Alaska Plan recipients. It would be particularly inappropriate to invoke paragraph 84 in a transaction such as this one, which does not involve competing providers, does not merge vertically-related entities, and does not yield operating synergies. Nothing about GCI's local operations, its Alaska Plan commitments, the economics of network deployment and operation in remote Alaska, or the overall landscape of Alaska Plan participants will change as a result of the transaction.

Question 3: Explain how the proposed transaction may affect public interest obligations for mobile wireless services under the Alaska Plan, specifically paragraphs 77-78.

Response: Nothing about the proposed transaction will have a direct effect on GCI's public interest obligations or on GCI's provision of mobile services generally, including the operating costs of providing those services. Rather, the transaction will place GCI on more stable financial footing and provide it with greater access to capital markets at a time when the Alaska economy is highly troubled, as explained above.

Specifically, GCI will continue its current path toward meeting its voice and broadband service commitments. GCI will continue to "maintain the level of data service" and "improve service consistent with [its] approved performance plan[]."[4] All of GCI's mobile wireless plans are offered statewide, and its prices in remote areas are the same as those for the same plans in the Anchorage CMA, thereby satisfying the requirement to be reasonably comparable to services and rates in urban areas.[5] By insulating GCI somewhat from the challenges of the Alaska-specific economy and enhancing access to capital markets, the transaction will enhance GCI's ability to provide these services and meet its commitments.

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responding to a proposal regarding treatment of support in the context of transfers of customers either to or from Alaska Plan participants. *See ACS Letter* at 9 n.25 (recommending that the Commission not adopt a rule proposed by the Alaska Telephone Association regarding transfers of customers to and from Alaska Plan participants).

4 *Alaska Plan Order* at 10,164 ¶ 77.

5 *See id.* at 10,164 ¶ 78; 47 C.F.R. § 54.308(d) (allowing Alaska Plan participants to demonstrate compliance with reasonable comparability requirements by showing that their required voice and broadband plans "are (1) Substantially similar to a service plan offered by at least one mobile wireless service provider in the cellular market area (CMA) for Anchorage, Alaska, and (2) Offered for the same or a lower rate than the matching plan in the CMA for Anchorage").

We hope that these responses address the staff's questions and that the proposed transaction will be approved expeditiously. Should you have any additional questions, please contact us.

Sincerely,

Robert Hoegle

Robert L. Hoegle
Counsel to Liberty Interactive Corporation
NELSON MULLINS RILEY & SCARBOROUGH LLP
101 Constitution Avenue, Suite 900
Washington, DC 20001
(202) 712-2816
bob.hoegle@nelsonmullins.com

John T. Nakahata
Counsel to General Communication, Inc.
HARRIS, WILTSHIRE & GRANNIS LLP
1919 M Street NW, Suite 800
Washington, DC 20036
(202) 730-1300
jnakahata@hwglaw.com

cc: Stacy Ferraro
Dennis Johnson
Daniel Kahn
Jodie May
Betsy McIntyre
Linda Ray
Matthew Warner